



QUARTERLY STATEMENT
AS OF June 30, 2009
OF THE CONDITION AND AFFAIRS OF THE
Care Improvement Plus South Central Insurance Company

NAIC Group Code	4443 (Current Period)	4443 (Prior Period)	NAIC Company Code	12567	Employer's ID Number	20-3888112
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]	
Incorporated/Organized	01/13/2006		Commenced Business	01/01/2007		
Statutory Home Office	400 West Capitol, Suite 2000 (Street and Number)		Little Rock, AR 72201 (City, or Town, State and Zip Code)			
Main Administrative Office	351 W. Camden Street, Suite 100 (Street and Number)		Baltimore, MD 21201 (City or Town, State and Zip Code)			
Mail Address	351 W. Camden Street, Suite 100 (Street and Number or P.O. Box)		Baltimore, MD 21201 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	351 W. Camden Street, Suite 100 (Street and Number)		Baltimore, MD 21201 (City, or Town, State and Zip Code)			
Internet Web Site Address	www.xlhealth.com		(410)625-2200 (Area Code) (Telephone Number)			
Statutory Statement Contact	Justin M. Jarkowski (Name) jjarkowski@xlhealth.com (E-Mail Address)		(443)524-8929 (Area Code)(Telephone Number)(Extension) (410)244-8347 (Fax Number)			

OFFICERS

Name	Title
Frederick Clark Dunlap	Chairman, CEO & President
Paul Anthony Serini	Secretary & EVP
Mete Sahin	Treasurer & CFO
Robb Andrew Cohen	CGAO
Daniel Jay Friedman	Assistant Secretary & CLO
Suresh Ramakrishnan	CIO
Laura June Ciavola	Senior VP of Claims & Systems Intergration

OTHERS

DIRECTORS OR TRUSTEES

Frederick Clark Dunlap
Mete Sahin # Paul Anthony Serini

State of
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Frederick Clark Dunlap (Printed Name) 1. Chairman, CEO & President (Title)	(Signature) Paul Anthony Serini (Printed Name) 2. Secretary & EVP (Title)	(Signature) Mete Sahin (Printed Name) 3. Treasurer & CFO (Title)
Subscribed and sworn to before me this day of , 2009 (Notary Public Signature)	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds	937,674		937,674	953,032
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....(987,816)), cash equivalents (\$.....0) and short-term investments (\$.....78,036,568)	77,048,752		77,048,752	141,173,219
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	77,986,426		77,986,426	142,126,251
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	27,262		27,262	21,105
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection	48,414,446		48,414,446	8,287,489
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums	33,369,942		33,369,942	30,727,285
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	491,630		491,630	632,155
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans	2,466,092		2,466,092	454,151
16.1	Current federal and foreign income tax recoverable and interest thereon	12,378,973		12,378,973	10,471,000
16.2	Net deferred tax asset	18,593,295	18,593,295		
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....0)				
20.	Net adjustments in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates				6,213,607
22.	Health care (\$.....6,519,970) and other amounts receivable	8,629,908	2,109,938	6,519,970	2,099,912
23.	Aggregate write-ins for other than invested assets	153,721		153,721	188,883
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	202,511,695	20,703,233	181,808,462	201,221,838
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	202,511,695	20,703,233	181,808,462	201,221,838
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Premium Tax Receivable	153,721		153,721	188,883
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	153,721		153,721	188,883

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....1,803,356 reinsurance ceded)	86,298,947		86,298,947	106,091,118
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	741,579		741,579	1,466,340
4.	Aggregate health policy reserves	30,776		30,776	947,144
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				108,348
9.	General expenses due or accrued				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable	282,593		282,593	503,305
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	2,126,439		2,126,439	
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans	20,708,783		20,708,783	20,110,540
21.	Aggregate write-ins for other liabilities (including \$.....0 current)				
22.	Total liabilities (Lines 1 to 21)	110,189,117		110,189,117	129,226,795
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	750,000	100,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	163,112,960	157,312,960
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	(92,243,614)	(85,417,916)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	71,619,346	71,995,044
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	181,808,463	201,221,839
DETAILS OF WRITE-INS					
2101.	.....			
2102.	.....			
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	X X X	232,856	259,379	528,609
2.	Net premium income (including \$.....0 non-health premium income)	X X X	362,240,350	331,017,851	690,374,391
3.	Change in unearned premium reserves and reserves for rate credits	X X X			
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X			
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	362,240,350	331,017,851	690,374,391
Hospital and Medical:					
9.	Hospital/medical benefits		271,020,524	264,708,408	567,353,086
10.	Other professional services		1,491,402	1,837,468	3,054,428
11.	Outside referrals				
12.	Emergency room and out-of-area				
13.	Prescription drugs		29,766,716	39,250,206	73,758,105
14.	Aggregate write-ins for other hospital and medical		395,448	701,372	1,129,711
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		302,674,090	306,497,454	645,295,330
Less:					
17.	Net reinsurance recoveries		1,135,536	195,281	2,181,903
18.	Total hospital and medical (Lines 16 minus 17)		301,538,554	306,302,173	643,113,427
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....13,026,775 cost containment expenses		27,484,499	27,013,739	42,331,756
21.	General administrative expenses		38,754,446	22,538,583	58,583,372
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23.	Total underwriting deductions (Lines 18 through 22)		367,777,499	355,854,495	744,028,555
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(5,537,149)	(24,836,644)	(53,654,164)
25.	Net investment income earned		92,858	2,523,687	3,667,396
26.	Net realized capital gains (losses) less capital gains tax of \$.....0				1,834
27.	Net investment gains or (losses) (Lines 25 plus 26)		92,858	2,523,687	3,669,230
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....1,645,611)]		(1,645,611)		(8,021,036)
29.	Aggregate write-ins for other income or expenses				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(7,089,902)	(22,312,957)	(58,005,970)
31.	Federal and foreign income taxes incurred	X X X	(1,907,973)		(10,471,000)
32.	Net income (loss) (Lines 30 minus 31)	X X X	(5,181,929)	(22,312,957)	(47,534,970)
DETAILS OF WRITE-INS					
0601.	.....	X X X			
0602.	.....	X X X			
0603.	.....	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	Misc Revenue	X X X			
0702.	.....	X X X			
0703.	.....	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	Transportation Costs		395,448	701,372	1,129,711
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		395,448	701,372	1,129,711
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	71,995,043	36,324,677	36,324,678
34.	Net income or (loss) from Line 32	(5,181,929)	(22,312,957)	(47,534,970)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax		(4,205,984)	1,656,753
39.	Change in nonadmitted assets	(1,643,769)	(520,948)	(775,218)
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)	650,000		
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in	6,450,000	37,500,000	70,700,000
45.2	Transferred to capital (Stock Dividend)	(650,000)		
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus		11,623,800	11,623,800
48.	Net change in capital and surplus (Lines 34 to 47)	(375,698)	22,083,911	35,670,365
49.	Capital and surplus end of reporting period (Line 33 plus 48)	71,619,345	58,408,588	71,995,043
DETAILS OF WRITE-INS				
4701.	Correction of an Error - 2007 Audit Adjustments		11,623,800	11,623,800
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		11,623,800	11,623,800

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance	318,225,790	662,546,335
2.	Net investment income	102,059	3,935,361
3.	Miscellaneous income		
4.	Total (Lines 1 to 3)	318,327,849	666,481,696
5.	Benefit and loss related payments	327,275,511	680,808,791
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	70,023,015	95,653,460
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		0
10.	Total (Lines 5 through 9)	397,298,526	776,462,251
11.	Net cash from operations (Line 4 minus Line 10)	(78,970,677)	(109,980,555)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		11,530,992
12.2	Stocks		103,490,911
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		971
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		115,022,874
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		5,280,195
13.2	Stocks		51,508,372
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		0
13.7	Total investments acquired (Lines 13.1 to 13.6)		56,788,567
14.	Net increase (or decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)		58,234,307
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	6,450,000	67,500,000
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	8,396,210	20,772,680
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	14,846,210	88,272,680
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(64,124,467)	36,526,432
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	141,173,219	104,646,787
19.2	End of period (Line 18 plus Line 19.1)	77,048,752	141,173,219

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

Description		Amount 1	Amount 2
20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	45,386							45,386		
2. First Quarter	38,517							38,517		
3. Second Quarter	39,209							39,209		
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	232,856							232,856		
Total Member Ambulatory Encounters for Period:										
7. Physician	2,979,395							2,979,395		
8. Non-Physician	1,209,041							1,209,041		
9. Total	4,188,436							4,188,436		
10. Hospital Patient Days Incurred	469,598							469,598		
11. Number of Inpatient Admissions	60,038							60,038		
12. Health Premiums Written (a)	363,912,031							363,912,031		
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	363,912,031							363,912,031		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services ...	327,533,618							327,533,618		
18. Amount Incurred for Provision of Health Care Services	302,674,090							302,674,090		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....363,912,031.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	3,822,199	265,393	5,185	1,187	2,025	4,095,989
0499999 Subtotals	3,822,199	265,393	5,185	1,187	2,025	4,095,989
0599999 Unreported claims and other claim reserves						84,006,314
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						88,102,303
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5	6
		1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical)						
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	97,827,624	229,588,413	4,104,733	82,194,214	101,932,357	106,091,118
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	97,827,624	229,588,413	4,104,733	82,194,214	101,932,357	106,091,118
10.	Healthcare receivables (a)		8,587,231				2,501,919
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals	97,827,624	221,001,182	4,104,733	82,194,214	101,932,357	103,589,198

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

a. Accounting Practices

The accompanying financial statements of Care Improvement Plus South Central Insurance Company (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Arkansas Insurance law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Arkansas is shown below:

	<u>2009</u>	<u>2008</u>
(1) Net Income Arkansas state basis	(5,181,929)	(47,534,969)
(2) State Prescribed Practices (Income):		
(3) State Permitted Practices (Income):		
(4) Net Income, NAIC SAP	(5,181,929)	(47,534,969)
(5) Statutory Surplus Arkansas basis	71,619,346	71,995,044
(6) State Prescribed Practices (Surplus):		
(7) State Permitted Practices (Surplus):		
(8) Statutory Surplus, NAIC SAP	71,619,346	71,995,044

b. Use of Estimates in the Preparation of the Financial Statements.

No Material Change

c. Accounting Policy

No Material Change

2. Accounting Changes and Corrections of Errors

No Material Change

3. Business Combinations and Goodwill

No Material Change

4. Discontinued Operations

No Material Change

5. Investments

No Material Change

6. Joint Ventures, Partnerships and Limited Liability Companies

No Material Change

7. Investment Income

No Material Change

Notes to Financial Statement

8. Derivative Instruments

No Material Change

9. Income Taxes

No Material Change

10. Information Concerning Parent, Subsidiaries and Affiliates

XLHealth Corporation contributed \$4,650,000 and 1,800,000 into the Company on January 27, 2009 and January 28, 2009, respectively, to assure the Company had sufficient capital and surplus to meet the state regulatory requirements.

The Company sold pharmacy rebate receivable in the amount of \$2,758,632 in December 2008 to XL Health Corporation. XL Health Corporation settled the receivable on January 6, 2009. No gain or loss was recorded on the sale.

The Company has an income tax receivable in the amount of \$12,378,973 from XLHealth at June 30, 2009 in accordance with the Tax Sharing Agreement.

11. Debt

No Material Change

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.

No Material Change

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

The Company amended its articles of incorporation to increase the par value of common stock issued from \$1.00 to \$7.50. Thus, the Company transferred \$650,000 of contributed surplus into common stock on page 3.

14. Contingencies

No Material Change

15. Leases

No Material Change

16. Information about Financial Instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

No Material Change

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

- a. Transfers of Receivables reported as Sales – No Material Change
- b. Transfer and Servicing of Financial Assets – No Material Change
- c. Wash Sales – None

Notes to Financial Statement

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

No Material Change

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

No Material Change

20. Other Items

No Material Change

21. Events Subsequent

No Material Change

22. Reinsurance

No Material Change

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No Material Change

24. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2008 were \$107,557,458. As of June 30, 2009, \$99,293,964 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$4,104,733 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicare line of business. Therefore, there has been a \$4,158,761 favorable prior-year development since December 31, 2008 to June 30, 2009. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

25. Intercompany Pooling Arrangements

No Material Change

26. Structured Settlements

No Material Change

Notes to Financial Statement

27. Health Care Receivables

a. Pharmaceutical Rebate Receivables

	Estimated Pharmacy Rebates as Reported	Pharmacy Rebates as Billed or Confirmed	Rebates received within 90 days	Rebates Received within 91 to 180 days	Rebates Received more than 180 days
06/30/2009	6,519,970	-	-	-	-
3/31/2009	4,576,377	3,252,816	-	-	-
12/31/2008	2,099,913	2,518,472	-	939,436	-
9/30/2008	5,834,784	5,105,000	-	-	-
6/30/2008	1,662,850	3,235,000	676,176	-	-
3/31/2008	3,915,782	3,255,000	772,565	1,174,737	105,647
12/31/2007	2,147,000	-	747,188	1,403,269	312,595
9/30/2007	2,001,000	-	666,762	743,796	219,210
6/30/2007	387,000	-	205,513	318,098	133,090
3/31/2007	-	-	83,787	108,757	14,376

b. Risk Sharing Receivables - No Material Change

28. Participating Policies

No Material Change

29. Premium Deficiency Reserves

As of June 30, 2009, the Company had no liabilities related to premium deficiency reserves.

30. Anticipated Salvage and Subrogation

No Material Change

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[X] No[]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[X] No[] N/A[]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 2.2 If yes, date of change:

06/09/2009
3. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[] No[X]
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes[X] No[] N/A[]
- If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/05/2009
- 6.4 By what department or departments?

Arkansas Department of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes[X] No[] N/A[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ 0
13. Amount of real estate and mortgages held in short-term investments:

\$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[] No[X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]
- If no, attach a description with this statement.
16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Goldman Sachs	Philadelphia, PA

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[] No[X]
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]
- 17.2 If no, list exceptions:

General Interrogatories Part 1 Attachments

5. Effective January 1, 2009, the Company changed its management fee as prescribed by administrative agreement from a per member per month rate to 18.5 percent of net premium revenue.

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
Accident and Health - Non-affiliates						
21970	23-1502700	01/01/2009	ONEBEACON INS CO	Minnetonka, MN	SSL/A/I	Yes[X] No[]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	L		52,272,460					52,272,460	
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N		132,553,669					132,553,669	
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N		23,852,661					23,852,661	
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	L		155,233,240					155,233,240	
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		363,912,030					363,912,030	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a)..... 2		363,912,030					363,912,030	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



12567200936500002

2009

Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF **June 30, 2009** OF THE **Care Improvement Plus South Central Insurance Company**
SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION
Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest paid		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION
Other Long-Term Invested Assets

Description	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION
Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	953,032	59,154,847
2. Cost of bonds and stocks acquired		56,788,566
3. Accrual of discount		37,774
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		863
6. Deduct consideration for bonds and stocks disposed of		115,021,903
7. Deduct amortization of premium	15,358	7,116
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	937,675	953,032
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	937,675	953,032

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	107,732,471	736,767	29,483,527	(11,469)	107,732,471	78,974,242		158,412,123
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	107,732,471	736,767	29,483,527	(11,469)	107,732,471	78,974,242		158,412,123
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	107,732,471	736,767	29,483,527	(11,469)	107,732,471	78,974,242		158,412,123

Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....78,036,568; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short - Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999. Totals	78,036,568	X X X	78,040,304	146,293	7,727

SCHEDULE DA - Verification

Short-Term Investments

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	157,459,091	65,863,736
2.	Cost of short-term investments acquired	736,767	244,303,941
3.	Accrual of discount		59,219
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		971
6.	Deduct consideration received on disposals	80,155,553	152,746,705
7.	Deduct amortization of premium	3,737	22,070
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized ...		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	78,036,568	157,459,091
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	78,036,568	157,459,091

SI04 Schedule DB Part F Section 1 NONE

SI05 Schedule DB Part F Section 2 NONE

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	0	42,162,139
2.	Cost of cash equivalents acquired		12,289,498,010
3.	Accrual of discount		2,145
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals		12,331,662,294
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized ...		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	0	0
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	0	0

E01	Schedule A Part 2	NONE
E01	Schedule A Part 3	NONE
E02	Schedule B Part 2	NONE
E02	Schedule B Part 3	NONE
E03	Schedule BA Part 2	NONE
E03	Schedule BA Part 3	NONE
E04	Schedule D Part 3	NONE
E05	Schedule D Part 4	NONE
E06	Schedule DB Part A Section 1	NONE
E06	Schedule DB Part B Section 1	NONE
E07	Schedule DB Part C Section 1	NONE
E07	Schedule DB Part D Section 1	NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
							First Month	Second Month	Third Month	
open depositories										
PNC Bank - Medical Expenses	Baltimore MD						(2,886,075)	(3,639,379)	(3,402,632)	X X X
PNC Bank - Medical Expenses	Baltimore MD						(11,209,925)	(12,840,438)	(11,550,571)	X X X
PNC Bank - Investment Account	Baltimore MD						5,447,963	4,422,339	3,391,325	X X X
PNC Bank - Investment Account	Baltimore MD						14,732,808	15,016,735	10,574,062	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X			6,084,771	2,959,257	(987,816)	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X			6,084,771	2,959,257	(987,816)	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash			X X X	X X X			6,084,771	2,959,257	(987,816)	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
<div>NONE</div>							
8699999 Total - Cash Equivalents



MEDICARE PART D COVERAGE SUPPLEMENT
Net of Reinsurance
For the Quarter Ended June 30, 2009

NAIC Group Code: 4443

NAIC Company Code: 12567

		Individual Coverage		Group Coverage		5 Total Cash
		1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1.	Premiums Collected .....	.....	X X X .....	.....	X X X .....	.....
2.	Earned Premiums .....	.....	X X X .....	.....	X X X	X X X
3.	Claims Paid .....	.....	X X X .....	.....	X X X .....	.....
4.	Claims Incurred .....	.....	X X X .....	.....	X X X	X X X
5.	Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	X X X .....	.....	X X X .....	.....	.....
6.	Aggregate Policy Reserves - change .....	.....	X X X .....	.....	X X X	X X X
7.	Expenses Paid .....	.....	X X X .....	.....	X X X .....	.....
8.	Expenses Incurred .....	.....	X X X .....	.....	X X X	X X X
9.	Underwriting Gain or Loss .....	.....	X X X .....	.....	X X X	X X X
10.	Cash Flow Results	X X X	X X X	X X X	X X X .....	.....

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.0 due from CMS or \$.0 due to CMS

**INDEX TO HEALTH
QUARTERLY STATEMENT**

Accounting Changes and Corrections of Errors; Q10, Note 2; Q11

Accounting Practices and Policies; Q5; Q10, Note 1

Admitted Assets; Q2

Bonds; Q2; Q6; Q11.1; Q11.2; QE04; QE05

Bonuses; Q3; Q4; Q8; Q9

Borrowed Funds; Q3; Q6

Business Combinations and Goodwill; Q10, Note 3

Capital Gains (Losses)

 Realized; Q4

 Unrealized; Q4; Q5

Capital Stock; Q3; Q10, Note 13

Capital Notes; Q6; Q10, Note 11

Caps; QE06

Cash; Q2; Q6; QE08

Cash Equivalents; Q2; Q6; QE09

Claims; Q3; Q4; Q8; Q9

Collars; QE07

Commissions; Q6

Common Stock; Q2; Q3; Q6; Q11.1; Q11.2

Cost Containment Expenses; Q4

Contingencies; Q10, Note 14

Counterparty Exposure; Q10, Note 8; QE06; QE07

Debt; Q10, Note 11

Deferred Compensation; Q10, Note 2

Derivative Instruments; Q10, Note 8; QSI04; QSI05; QE06; QE07

Discontinued Operations; Q10, Note 4

Electronic Data Processing Equipment; Q2

Encumbrances; Q2; QSI01; QE01

Emergency Room; Q4

Expenses; Q3; Q4; Q6

Extinguishment of Liabilities; Q10, Note 17

Extraordinary Item; Q10, Note 20

Fee for Service; Q4

Foreign Exchange; Q2; Q3; Q5; QSI01; QSI03; QE01; QE02; QE03; QE05

Forwards; QE07

Furniture, Equipment and Supplies; Q2

Guaranty Fund; Q2

Health Care Receivables; Q2; Q9; Q10, Note 27

Hospital/Medical Benefits; Q4

Incentive Pools; Q3; Q4; Q8; Q9

Income; Q4; Q5; Q6

Income Taxes; Q2; Q3; Q4; Q5; Q10, Note 9

Incurred Claims and Claim Adjustment Expenses; Q10, Note 24

Intercompany Pooling; Q10, Note 25

Investment Income; Q10, Note 7

 Accrued; Q2

 Earned; Q2; QSI03

 Received; Q6

Investments; Q10, Note 5; Q11.1; Q11.2

Joint Venture; Q10, Note 6

Leases; Q10, Note 15

Limited Liability Company (LLC); Q10, Note 6

Limited Partnership; Q10, Note 6

Long-Term Invested Assets; Q2; QE03

Managing General Agents; Q10, Note 19

Medicare Part D Coverage; QSupp1

Member Months; Q4; Q7

Mortgage Loans; Q2; Q6; Q11.1; QSI01; QE02

Nonadmitted Assets; Q2; Q5; QSI01; QSI03

Off-Balance Sheet Risk; Q10, Note 16

Options; QE06

Organizational Chart; Q11; Q14

Out-of-Area; Q4

Outside Referrals; Q4

Parent, Subsidiaries and Affiliates; Q2; Q3; Q10, Note 10; Q11.1

Participating Policies; Q10, Note 28

Pharmaceutical Rebates; Q10, Note 27

Policyholder Dividends; Q5; Q6

Postemployment Benefits; Q10, Note 12

Postretirement Benefits; Q10, Note 12

Preferred Stock; Q2; Q3; Q6; Q11.1; Q11.2

Premium Deficiency Reserves; Q10, Note 29

**INDEX TO HEALTH
QUARTERLY STATEMENT**

Premiums and Considerations

- Advance; Q3
- Collected; Q6
- Deferred; Q2
- Direct; Q7; Q13
- Earned; Q7
- Retrospective; Q2
- Uncollected; Q2
- Unearned; Q4
- Written; Q4; Q7

Prescription Drugs; Q4

Quasi Reorganizations; Q10, Note 13

Real Estate; Q2; Q6; QE01; QSI01

Redetermination, Contracts Subject to; Q10, Note 23

Reinsurance; Q9; Q10, Note 22

- Ceded; Q3; Q12
- Funds Held; Q2
- Payable; Q3
- Premiums; Q3
- Receivable; Q2; Q4
- Unauthorized; Q3; Q5

Reserves

- Accident and Health; Q3; Q4
- Claim; Q3; Q5; Q8
- Life; Q3

Retirement Plans; Q10, Note 12

Retrospectively Rated Policies; Q10, Note 23

Risk Revenue; Q4

Salvage and Subrogation; Q10, Note 30

Servicing of Financial Assets; Q10, Note 17

Short-Term Investments; Q2; Q6; Q11.1; QSI03

Stockholder Dividends; Q5; Q6

Subsequent Events; Q10, Note 21

Surplus; Q3; Q5; Q6

Surplus Notes; Q3; Q5; Q6

Swaps; QE07

Synthetic Assets; QSI04; QSI05

Third Party Administrator; Q10, Note 19

Treasury Stock; Q3; Q5

Uninsured Accident and Health; Q2; Q3; Q10, Note 18

Valuation Allowance; QSI01

Wash Sales; Q10, Note 17

Withholds; Q4; Q8